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OFFICE OF GENERAL
COUNSEL

July 28, 2014

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RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

Office of General Counsel
Federal Election Commission
999 E Street, NW
Washington, DC 20463

SENSITIVE

MUR # 6859

Re: Complaint Against John Moolenaar and Moolenaar for Congress

Dear Sir or Madam:

This complaint is filed pursuant to 2 U.S.C. § 437g(a)(1) and is based on information and belief that John Moolenaar, Moolenaar for Congress (the "Federal Campaign"), Mr. Moolenaar's principal federal campaign committee, Friends of John Moolenaar (the "State Campaign"), Mr. Moolenaar's Michigan State Senate campaign, and Value for Michigan ("VFM"), a Michigan state political action committee, and John Yob, in his official capacity as Treasurer of VFM (collectively, "Respondents") violated provisions of the Federal Election Campaign Act of 1971, as amended (the "Act"), and Federal Election Commission ("Commission") regulations. Specifically, Mr. Moolenaar appears to have directed monies from his State Campaign through an intermediary to fund his campaign for federal office.

Facts

According to the Federal Campaign's recent FEC filings, and reports filed by VFM with the Michigan Department of State, it appears that Mr. Moolenaar, a current Michigan State Senator, is impermissibly using his State Campaign to fund his campaign for Congress in Michigan's Fourth Congressional District. Moolenaar appears to have paid one of his Federal Campaign's political consultants, Strategic National, by way of a contribution from his State Campaign to VFM, a state political action committee controlled by Strategic National's Chief Executive Officer, John Yob.¹ On July 25th, VFM filed a late contribution report with the Michigan Department of State reflecting a \$98,000 contribution from Friends of John Moolenaar.² Prior to the State Campaign's contribution to VFM, VFM had been more or less dormant for the last year. In fact, as of July 20th, VFM had a cash on hand of only \$133.44.³

As evidenced by the attached campaign strategy memorandum,⁴ it is indisputable that the Strategic National team is providing political consulting services to Moolenaar's Federal Campaign. Presumably, Strategic National is not providing such services to the Federal Campaign for free. It is therefore peculiar that Strategic National is not listed on either of the Federal Campaign's FEC reports

¹ John Yob is listed as the Treasurer of Value for Michigan.

² See Value For Michigan Late Contribution Report, filed July 25, 2014 (attached as Exhibit A).

³ See Value For Michigan July Quarterly Report, filed July 25, 2014 (attached as Exhibit B).

⁴ See Memorandum from Strategic National to Moolenaar Campaign, dated July 21, 2014 (attached as Exhibit C).

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filed to date—its July Quarterly or Pre-Primary.⁵ There are numerous operating expenditures listed on the Federal Campaign's reports for other types of consulting services, such as direct mail, polling, and media buys to various consultants and vendors. There is even a disbursement listed for "political consulting services" to Marketing Resource Group in Lansing, MI. However, despite the fact that Strategic National is the Federal Campaign's prominent political consultant, the firm is conspicuously absent from any of the Federal Campaign's FEC reports.⁶

Legal Analysis

Under FEC regulations, a state officeholder that is running for federal office may not use funds from his state campaign committee to support or in any way subsidize his or her federal campaign. Specifically, Section 110.3(d) of the regulations state, in pertinent part, that "[t]ransfers of funds or assets from a candidate's campaign committee or account for a nonfederal election to his or her principal campaign committee or other authorized committee for a federal election are prohibited." 11 C.F.R. 110.3(d). Importantly, this prohibition applies not only to direct transfers or contributions from a federal candidate's state campaign to his federal campaign, but also to in-kind contributions made by his state campaign in support of his federal campaign. Therefore, a federal candidate's state campaign may not pay for any goods or services for the purpose of benefiting the federal campaign.

As explained above, John Moolenaar's Federal Campaign has not reported a single expenditure to its political consultant Strategic National on the Federal campaign's FEC reports. On the other hand, Moolenaar's State Campaign contributed almost \$100,000 to VFM, a state political action committee that was dormant up until last Friday, and which appears to be entirely controlled by Strategic National CEO, John Yob. At best, Moolenaar's Federal Campaign has simply run afoul of the FEC's reporting requirements by failing to report payments to Strategic National for the consulting services the firm has provided. It appears, however, that Moolenaar and Strategic National have an arrangement whereby the Federal Campaign would not be charged for consulting services if in the closing days of his campaign, Moolenaar contributed the remaining amount of funds left in his State Campaign's account to VFM.⁷ If this is the case, Moolenaar has utilized an intermediary to use his State Campaign's funds to pay for consulting services to his Federal Campaign, in clear violation of 11 C.F.R. 110.3(d). Regardless of the circumstances, the Federal Campaign's lack of reported disbursements to its most prominent consultant, combined with the suspicious amount and timing of the State Campaign's contribution to VFM, raise serious questions about the legality of these payments under FEC regulations.

Conclusion

In light of the foregoing, we respectfully request that the FEC take steps to immediately investigate Mr. Moolenaar and his federal and state campaign committees, and their role in directing or

⁵ See Moolenaar for Congress, July Quarterly and Pre-Primary FEC Reports.

⁶ It should be noted that the Federal Campaign lists a total of \$6,000 in disbursements to "Victory Phones," a political robocall vendor owned by John Yob.

⁷ According to Friends of John Moolenaar's July Quarterly Report (attached as Exhibit D), filed with the Michigan Department of State on July 25th, the State Campaign's ending cash on hand on July 20th was \$104,554.95. After its \$98,000 contribution to VFM, the State Campaign currently has less than \$7,000.

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facilitating the use of his State Campaign's funds for the benefit of Moolenaar's Federal Campaign. If in doing so the Commission should find reason to believe Moolenaar and both campaigns violated the Act and the Commission's Regulations, the Commission should determine and impose appropriate sanctions for any and all violations, and enjoin both from any and all violations in the future. The foregoing is correct and accurate to the best of my knowledge, information and belief.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeff Timmer".

Jeff Timmer
Campaign Manager
Paul Mitchell for Congress

Enc.

Signed and sworn before me this 29th day of July, 2014

A handwritten signature in black ink, appearing to read "Jamie L. Miller".
NOTARY PUBLIC

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Exhibit A

LATE CONTRIBUTION REPORT

1. Your Committee ID# 515510
2. Your Committee Name VALUE FOR MICHIGAN
3. Date of Transaction 07/24/2014
(Only one Date per Session)

ITEMIZED CONTRIBUTIONS

CUMULATIVE Contribution #1

Contributors Last Name or Organization	First Name	Occupation	Employer
FRIENDS OF JOHN MOOLENAAR		Employer/Business Address	
Contributors Address			
5915 EASTMAN AVE STE 100		City	State
City	State		MI
MIDLAND	MI	Zip Code	Cumulative
Zip Code			Amount
48640			98,000.00

Exhibit B

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Summary Page

- Committee Name: VALUE FOR MICHIGAN
- Statement Type: JULY QUARTERLY CS
- Statement Year: 2014

• Committee ID 515510
 • Committee Name VALUE FOR MICHIGAN

RECEIPTS	This Period	Cumulative for calendar year
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3. Contributions

a. Itemized Contributions	(3a.) \$0.00	
b. Unitemized	(3b.) \$0.00	
c. Subtotal of Contributions	(3c.) \$0.00	(18.) \$0.00

4. Other Receipts	(4.) \$0.00	(19.) \$0.00
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5. TOTAL CONTRIBUTIONS AND OTHER RECEIPTS	(5.) \$0.00	(20.) \$0.00
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IN-KIND CONTRIBUTIONS

6. In-Kind Contributions

a. Itemized	(6a.) \$0.00
b. Unitemized	(6b.) \$0.00

7. TOTAL IN-KIND CONTRIBUTIONS (7.)	\$0.00 (21.) \$0.00
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EXPENDITURES

8. Expenditures

a. Itemized Direct	(8a.) \$0.00
b. Itemized Get-Out-the-Vote	(8b.) \$0.00
c. In-Kind Expenditures	(8c.) \$0.00
d. Unitemized	(8d.) \$9.00
e. Subtotal of Expenditures	(8e.) \$9.00 (22.) \$21.00
9. Independent Expenditures	(9.) \$0.00 (23.) \$0.00

10. TOTAL EXPENDITURES (10.)	\$9.00 (24.) \$21.00
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IN-KIND EXPENDITURES

11. In-Kind Expenditures, Endorsements, Donations, Loans of Goods/Services	(11.) \$0.00 (25.) \$0.00
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DEBTS AND OBLIGATIONS

12. Debts and Obligations

a. Owed by the Committee (12a.) \$0.00

b. Owed to the Committee (12b.) \$0.00

BALANCE STATEMENT

13. Ending Balance of last report filed (13.) \$142.44

14. Amount received during reporting period (14.) \$0.00

15. SUBTOTAL (15.) \$142.44

16. Amount expended during reporting period (16.) \$9.00

17. ENDING BALANCE (17.) \$133.44

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Exhibit D

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Summary Page

- Committee Name: FRIENDS OF JOHN MOOLENAAR
- Statement Type: JULY QUARTERLY CS
- Statement Year: 2014

• Committee ID 514203

• Committee Name FRIENDS OF JOHN MOOLENAAR

RECEIPTS	This Period	Cumulative election cycle
3. Contributions		
a. Itemized Contributions	(3a.) \$5,525.00	
b. Unitemized	(3b.) \$0.00	
c. Subtotal of Contributions	(3c.) \$5,525.00	(18.) \$358,975.35
4. Other Receipts	(4.) \$79.04	(19.) \$872.48
5. TOTAL CONTRIBUTIONS AND OTHER RECEIPTS	(5.) \$5,604.04	(20.) \$359,847.83
IN-KIND CONTRIBUTIONS & EXPENDITURES		
6. In-Kind Contributions	(6.) \$0.00	(21.) \$11,881.50
7. In-Kind Expenditures	(7.) \$0.00	(22.) \$0.00
EXPENDITURES		
8. Expenditures		
a. Itemized	(8a.) \$51,726.82	
b. Itemized Get-Out-the-Vote	(8b.) \$0.00	
c. Unitemized	(8c.) \$193.41	
9. TOTAL EXPENDITURES	(9.) \$51,920.23	(23.) \$218,342.62
INCIDENTAL EXPENSE DISBURSEMENTS		
10. Disbursements		
a. Itemized	(10a.) \$13,155.33	
b. Unitemized	(10b.) \$169.42	
11. TOTAL INCIDENTAL EXPENSE DISBURSEMENTS	(11.) \$13,324.75	(24.) \$93,228.30
DEBTS AND OBLIGATIONS		
12. Debts and Obligations		
a. Owed by the Committee	(12a.) \$0.00	

b. Owed to the Committee (12a.) \$0.00

BALANCE STATEMENT

13. Ending Balance of last report filed (13.) \$164,195.89

14. Amount received during reporting period (14.) \$5,604.04

15. SUBTOTAL (15.) \$169,799.93

16. Amount expended during reporting period (16.) \$65,244.98

17. ENDING BALANCE (17.) \$104,554.95

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